

largely upon exports to the United Kingdom. As the war develops, and until the full effect is felt of the measures that are being taken, it may well be that the necessity of using available shipping to the fullest advantage may restrict, to a considerable extent, the exports from this Dominion. My Advisers are fully aware of the potentialities of the situation and have the matter constantly under review.

My Government have continued to keep the closest watch on the trend of prices, and, through the Price Tribunal, they maintain full control over the prices of goods sold in the Dominion. That this control has been effective is shown by the relatively small rise that has taken place in the cost of living in New Zealand in proportion to the considerable increase in the cost of our importations.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL AND MEMBERS OF THE HOUSE OF REPRESENTATIVES,—

My Ministers feel that the social-security legislation, which has now been in operation for almost two years, has proved an unqualified success, and that they have every reason to be proud of their achievement in placing on the statute-book a measure which effectively safeguards all residents of this Dominion from disabilities arising out of age, invalidity, widowhood, orphanhood, unemployment, sickness, or other exceptional conditions. My Government inaugurated on the 1st March last general arrangements for medical benefits and for benefits in respect of out-patient treatment in public hospitals, which they are confident will add materially to the health and well-being of the community.

My Ministers have felt it desirable to continue, so far as circumstances allow, the operations of their housing scheme, and during the year ending 31st March, 1941, it is expected that some 4,000 houses will have been completed under that scheme. At that date over 20,000 applications for houses will remain unsatisfied, notwithstanding the fact that since the inception of the scheme tenders have been called for 13,778 houses, of which 10,106 have been completed and are in occupation.

My Government deeply regret that owing to war exigencies it was necessary to suspend the operation of the arrangement under which considerable numbers of British children were to be sent to the Dominion for the duration of the war. Those who did arrive were warmly welcomed and have been well cared for, and it is hoped that before long it will be possible to resume the operation of this great measure of humanitarian relief.

The most important and urgent problems of post-war repatriation, reconstruction, and expansion have for some time past been under the earnest consideration of my Government, who are determined that the conclusion of this war will find the Dominion adequately prepared to provide for the returning members of the armed forces and for their absorption into normal civil life. With this object in view my Government have appointed a Cabinet Committee comprising those Ministers who will be most concerned, and this Committee is already investigating the provision of adequate housing accommodation; land for settlement; the establishment of new industries such as iron and steel, sugar beet, paper-pulping, rubber tires; erosion-control, irrigation and river control; the expansion of existing industries such as forestry, sawmilling, linen-flax growing, paper-milling, manufacture of woolpacks, tobacco, serpentine fertilizer; and the expansion of our hydro-electric and railway systems. These, with the reintroduction of public works which have been postponed during the war, will, it is hoped, provide avenues of useful employment for all. At the same time this Committee is engaged upon the preparation of training